



**U.S. Department of Justice**

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**For Immediate Release:**

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**EVENT: Indictment**

**Defendant: Jon Rutherford et al**

**OFFICIALS OF NON-PROFIT ORGANIZATION  
CHARGED WITH INCOME TAX EVASION**

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A federal grand jury in Detroit has returned an indictment charging two officials of Metro Emergency Services ("MES"), a Highland Park, Michigan non-profit organization which runs homeless shelter and other programs, with conspiracy and income tax evasion, United States Attorney Stephen J. Murphy announced today.

Jon Rutherford, 57, of Orchard Lake, the President and Chief Executive Officer of MES, and Judith Bugaiski, 47 of Sterling Heights, the Controller of MES, were charged with conspiracy to evade federal income taxes, as well as 19 additional counts charging tax evasion and failure to pay taxes.

U.S. Attorney Murphy was joined in the announcement by Maurice A. Aouate, Special Agent in Charge, Internal Revenue Service Criminal Investigation.

The first count of a twenty count indictment charges that from approximately November 1997 to April 2004, Mr. Rutherford and Ms. Bugaiski conspired to:

- ◆ defraud the Internal Revenue Service
- ◆ evade the personal income taxes of Mr. Rutherford
- ◆ fail to pay over to the Internal Revenue Services taxes withheld from employees

- of Metro Emergency Services and its various divisions, and
- ◆ falsify tax returns for a related property management company.

The other 19 counts charge specific violations of the tax code that are related to the allegations in the conspiracy count as well as another conspiracy charge that Mr. Rutherford and Ms. Bugaiski attempted to impede the I.R.S. investigation by presenting false documents.

Today's charges allege that the defendants diverted proceeds received by a tax exempt non-profit organization and then used those funds for political contributions and for Rutherford's personal benefit. The defendants also withheld income from employees to pay taxes, but then kept this money rather than using it to pay taxes.

U.S. Attorney Murphy stated that, "Today's charges are quite serious and mark out a warning against any who would abuse their tax-exempt status for private or political gain."

SAC Aouate stated that, "The IRS Criminal Investigation will vigorously pursue any individual who uses tax-exempt non-profit organizations in schemes to defraud the Internal Revenue Service. The IRS takes the abuse of such tax exempt entities very seriously."

An indictment is only a charge, and all defendants are presumed innocent until proven otherwise.